APPENDIX

Internal Revenue Act of 1936

Sec. 23(f) Losses by Corporations.—In the case of a corporation, losses sustained during the taxable year and not compensated for by insurance or otherwise.

Sec. 117(d) Limitation on Capital Losses.—Losses from sales or exchanges of capital assets shall be allowed only to the extent of $2,000 plus the gains from such sales or exchanges. If a bank or trust company incorporated under the laws of the United States or of any State or Territory, a substantial part of whose business is the receipt of deposits, sells any bond, debenture, note, or certificate or other evidence of indebtedness issued by any corporation (including one issued by a government or political subdivision thereof), with interest coupons or in registered form, any loss resulting from such sale (except such portion of the loss as does not exceed the amount, if any, by which the adjusted basis of such instrument exceeds the par or face value thereof) shall not be subject to the foregoing limitation and shall not be included in determining the applicability of such limitation to other losses.

Revised Laws of Hawaii 1935, as amended by Session Laws of 1937

Sec. 59. Petition, defendants, different properties in one action. Actions under and by virtue of this chapter, must be commenced by filing a petition and issuing a summons thereon. All persons who are owners or claimants of the property sought to be condemned must be joined as defendants; provided, however, that in case the owner or claimant is unknown to plaintiff, it shall be sufficient if the petition includes a statement of that fact, and such defendant

may be joined in the petition under a fictitious name. The petition must also contain a statement of the use to which the land sought to be condemned is to be put, a description of each and every piece of land sought to be condemned, and whether the same includes the whole or only a part of an entire tract or parcel. A map must accompany the complaint which shall correctly delineate the land sought to be condemned and its location. All property necessary for any public use may be united in one action. In all proceedings under this chapter the court shall have power at any stage of the proceeding to allow amendments in form or substance in any petition, citation, summons, process, answer, motion, order, verdict, judgment or other proceeding, including amendment in the description of the lands sought to be condemned, whenever such amendment will not impair the substantial rights of any party in interest.

Sec. 66. Final order of condemnation. When all payments required by the final judgment have been made, the court shall make a final order of condemnation, which must describe the property condemned and the purposes of such condemnation, a certified copy of which must be filed and recorded in the office of the registrar of conveyances; and thereupon the property described shall vest in the plaintiff.

Treasury Regulations No. 86

ART. 113(a) (9)-1. Property acquired as a result of involuntary conversion.—*The provisions of section 113(a) (9) may be illustrated by the following example:*

Example: A vessel purchased by A in 1926 for $100,000 is destroyed in 1934 and A receives insurance in the amount of $200,000. Disregarding, for the purpose of this example, the adjustment for depreciation, if A invests $150,000 in a new vessel,

taxable gain to the extent of $50,000 would be recognized. *As to the amount of such gain to be taken into account in computing net income, see section 117.* The basis of the new vessel is $100,000; that is, the cost of the old vessel ($100,000) minus the money received by the taxpayer which was not expended in the acquisition of the new vessel ($50,000) plus the amount of gain recognized upon the conversion ($50,000). (Italics ours)